

24 July 2008

Company Announcements Platform  
Australian Securities Exchange Limited  
Exchange Centre  
20 Bridge Street  
SYDNEY NSW 2000

## OPERATIONS UPDATE

Target Energy Limited ("Target") (ASX CODE: TEX) is pleased to provide the following operations update. All reported depths are measured depths below the Rotary Table (RT) on the rig floor.

### VINCENT #1 (BANDITO PROSPECT)

**Report Date:** 7:00 pm 23/07/08 (Western Aust Standard Time) /  
6:00 am 23/07/08 (USA Central Daylight Time)

**Current Depth:** 3,810.0 metres RT.

**Progress:** Drill ahead from 3,547.6 mRT to 3,810.0 mRT. Run wireline logs.

**Hydrocarbon Indications:** Hydrocarbon shows will only be reported after wireline logs have been run and evaluated at the Total Depth of the well.

**Primary and Secondary Targets:** The Bandito prospect is targeting up to 42.4 Bcf (Billion cubic feet) of potential recoverable gas in Oligocene age "Bol mex" sands, and will be drilled to a depth of 3,932 metres (12,900 feet). Drilling is expected to take approximately five weeks.

**Comment:** We are now just above the primary target. Due to the high pressure environment we are drilling in, the operator has taken the prudent decision to run a liner prior to drilling ahead – this will ensure that we are well able to handle any additional increases in pressure that are expected as we continue to drill.

Running and cementing the liner is expected to take two or three days.

Target Energy will earn a 15% Working Interest in the well (subject to completion of earning phase).

### PINE PASTURE #2 (EAST CHALKLEY) – WELL COMPLETION

**Report Date:** 7:00 pm 23/07/08 (Western Aust Standard Time) /  
6:00 am 23/07/08 (USA Central Daylight Time)

**Progress:** The well has been successfully perforated and fracture stimulated over a 7.3m interval in the Alliance W2 sand. A pump has been installed and flow testing commenced on 22 July 2008. The well is presently being pumped at rates up to 336 barrels per day and has so far flowed approximately 646 barrels of water. At report time, the operator noted that they were starting to see oil flow.

**Comment:** The most likely recoverable volume of oil at the East Chalkley field is 2.4 million barrels. The flow testing at the Pine Pasture #2 well is proceeding according to plan as we initially flow back the load water that was injected into the formation as part of the stimulation program (approximately 354 barrels of load water are left to recover). Over the next few days we expect to see the amount of water decrease and the relative proportion of oil increase.

Target has a 25% Working Interest in the Pine Pasture #2 well.

While operations are underway, the company will issue routine releases every Thursday or at any such time that material matters require an earlier release.

ENDS

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*NOTE: In accordance with ASX Listing Rules, any hydrocarbon reserves and/or drilling update information in this report has been reviewed and signed off by Mr Laurence Roe, B Sc, Managing Director of Target Energy, who is a member of the Society of Exploration Geophysicists and has at least 5 years experience in the sector. He consents to that information in the form and context in which it appears.*